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From:

Sent: Thursday, May 26, 2011 12:33:47 PM

To:

Cc:

Subject: RE: TEFRA Question

Loans to the partnership are partnership items. The discharge of the loans and the resulting COD income to the partnership and partners is also a partnership item. The partner's loss for the unrecovered outside basis upon dissolution of the partnership is an affected item as is any bad debt deduction incurred by the partner.

For closing agreement purposes the characterization is irrelevant.